



COTTONWOOD
I N C O R P O R A T E D

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January 26, 2006

Stephanie Hillmon
Assistant General Counsel
The Committee for Purchase From People Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Suite 10800
Arlington, VA 22202-3259

Ms. Hillmon:

Please find enclosed written testimony related to the proposed federal regulations by the Committee for Purchase From People Who Are Blind or Severely Disabled.

Please ensure the Committee receives my comments. Thank you.

Sincerely,

A handwritten signature in black ink that reads "Sharon Spratt". The signature is fluid and cursive, with a period at the end.

Sharon Spratt
CEO

SS:kl



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**THE COMMITTEE FOR PURCHASE
FROM PEOPLE WHO ARE BLIND OR SEVERELY DISABLED**
Jefferson Plaza 2
Suite 10800
1421 Jefferson Davis Highway
Arlington, VA 22202-3259

Distinguished Committee Members:

I appreciate the opportunity to respond to the proposed regulations as published in the Federal Register, December 16th, 2005.

Background Information on Cottonwood, Inc.

Cottonwood, Inc. is a nonprofit agency located in Lawrence, Kansas, with a mission of "Helping people with disabilities shape their own future". Cottonwood was founded in 1972 by a group of parents who wanted to make a difference in the lives of their sons and daughters with developmental disabilities. Over the years we have grown in a number of ways; in the number of persons that we serve, in the array of services offered and in the overall capacity of the organization to manage and oversee complex and sophisticated services and contracts. One particular aspect of our service menu is the offering of work for the individuals we serve. Our capacity-building efforts over the years enabled us to successfully secure a NISH contract seven years ago through the Department of Defense. We produce cargo tie down straps for all branches of the armed forces. Cottonwood's NISH contract provides work for 35 to 40 individuals with disabilities and we are committed to the continued success of the contract for the benefit of the people we serve.

I understand that the Committee is interested in identifying and applying qualification standards for nonprofit agencies such as ours that would demonstrate good governance practices and is also seeking information on suggested criteria to identify and evaluate the impact of executive compensation on any proposed or recommended fair market price.

Qualified Agencies Have Good Governance Practices:

In my review of the Committee's listing of best practices, I have the following comments with regard to item number four:

- (4) The organization's bylaws should set forth term limits for the service of board members.**

Our organization's bylaws originally included term limits for board members. Over the years we have found that as the array of services offered by our organization becomes increasingly complex, it is very helpful to have continuity in board members. They are holders of "institutional" memory and have proven to be very valuable as we work on new and differing projects. Two years ago the board unanimously supported removing term limits from the bylaws. We have 21 board members so there is some natural attrition from the board due to changes in individuals' lives. I would hope that there would be some flexibility in that recommendation if approved.

Cottonwood is a CARF-accredited organization which has received 3-year accreditations since its initial survey in 1988 and has received no recommendations in its last two surveys. CARF has increased the intensity of its governance and corporate compliance standards over the past several years.


The other suggested practices appear to be reasonable, although I would be interested in knowing how the Committee would assure compliance. NISH President & CEO, Bob Chamberlin, poses excellent questions for the Committee to review as the work moves forward.

Effect of Executive Compensation on Fair Market Price Determination

Again, I would refer to NISH's written testimony and its thoughts on questions posed. I do not believe there is an absolute dollar threshold that could equitably take into account the vast differences in scope, complexity, product and service mix, etc. of all of the non-profit agencies in the JWOD program. Our contract prices are tied to prices from the commercial market. My compensation has no effect on our pricing. Our NISH contract is one line of business within our overall corporation. Again, NISH provides excellent comments on this topic in their testimony.

Once again, thank you for the opportunity to comment on proposed rules. We value our working relationship with you the Committee and with NISH. We will work with you to ensure the continued success of the program.

Sincerely,


Sharon S. Spratt
CEO

SS:kl